

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice FLP-172

1902-A, 426.1

For: State and County Offices

Reviewing Supervised Bank Accounts (SBA's)

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksey

1 Overview

A

Background

The Civil Rights Action Team recommended an independent review body be appointed to conduct a review of County Offices to determine whether nepotism, conflict of interest, and/or discrimination in program delivery exists.

A National Independent Review Committee was established to conduct this review. One of their concerns was that SBA's were being used for minority borrowers without justification.

SBA's are a useful tool in providing borrowers with assistance in their financial management affairs when it is determined special supervision is necessary.

B

Purpose

This notice:

- provides guidelines to ensure that SBA's are needed and properly used
- establishes review requirements for SBA's.

C

Contact

State Offices shall direct questions about this notice to LMD at 202-720-1472.

Disposal Date

July 1, 2002

10-30-00

Distribution

State Offices; State Offices relay to County Offices

Notice FLP-172

2 Action

A County Office Action

County Offices shall:

- ensure that all SBA's are being established according to RD Instructions 426.1 and 1902-A.
 - document the reason SBA was established and the benefits to the borrower of establishing SBA in the case file running record.
-

B DD and State Office Action

DD's or State Office staff must review case files of borrowers with SBA's during County Office reviews to verify that:

- documentation is in place
- SBA is needed and document the case file.

If the review determines that SBA is not needed, DD or State Office staff **must** do the following:

- document the results of the review in the case file
 - instruct the Authorized Agency Official to close SBA
 - release or return loan funds immediately.
-